DOCUMENT RESUME

ED 290 825 UD 026 003

TITLE	Opening Doors: Minority Business Education Programs. Model Programs for Southern Economic Development.
INSTITUTION	Southern Growth Policies Board, Research Triangle Park, N.C.
SPONS AGENCY	Southern Education Foundation, Atlanta, Ga.
PUB DATE	85
NOTE	13p.
AVAILABLE FROM	Southern Growth Policies Board, P.O. Box 12293, Research Triangle Park, NC 27709 ($2.00).
PUB TYPE	Reports - Descriptive (141) -- Collected Works - Serials (022)
JOURNAL CIT	Foresight; v3 n3 Fall 1985
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Black Businesses; Black Employment; *Business Education; *Entrepreneurship; Equal Opportunities (Jobs); Labor Market; *Minority Groups; *Ownership; Racial Bias; Rural Urban Differences; *School Business Relationship
IDENTIFIERS	United States (South)

ABSTRACT

Although the number of black-owned businesses has grown steadily since the last century, blacks still lack access to management positions in the United States economy. Gains in the 1960s helped somewhat but retrenchment in the eighties has caused many blacks to lose jobs as executives. Now blacks are looking to entrepreneurship for economic power. The growth of minority business executives and owners is directly related to the educational opportunities which have been opened, however, and a downard trend in black college enrollment, confirmed in a 1985 study by the College Board, indicates that with less formal education blacks will have less of a chance to be successful in business. This paper describes four models for minority business education programs which seek to increase the likelihood of black business success. The four programs presented as models are the following: (1) Entrepreneurship and Black Youth Program of Athens, Georgia, which trains high school youth for work in business; (2) two programs at Florida Agricultural and Mechanical University which select highly qualified black students and match them with business firms for internships; (3) two programs at Tuskegee University which give business assistance to local people; and (4) a Master of Business Administration program at the Atlanta University Business School. (VM)

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OPENING DOORS:
MINORITY BUSINESS EDUCATION PROGRAMS

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2-11-88

Foresight

MODEL PROGRAMS FOR SOUTHERN ECONOMIC DEVELOPMENT

Volume 3, No. 3 Fall 1985

OPENING DOORS:

Minority Business Education Programs

When Booker T. Washington began promoting black business ownership nearly one hundred years ago, there were few opportunities for blacks to move into management positions in the business world. He firmly believed that self-employment would be the best avenue to independence in a segregated society, with blacks establishing their own businesses to meet their own needs and, where possible, those of the larger society. And he believed that education was the key to the success of that strategy, particularly industrial education. "I plead for industrial education and development of the Negro not because I want to cramp him, but because I want to free him. I want to see him enter the all-powerful business and commercial world." Quoting Frederick Douglass, he said, "... any house built by a black man is a strong tower against the allied hosts of prejudice."

Despite barriers to black entrepreneurship created by restricted ownership of certain properties and limited access to capital, credit, and education, by 1898 there were 1,900 black-owned businesses with $500 or more of capital. In 1930, there were an estimated 70,000 black-owned businesses and approximately 104,000 black entrepreneurs. In 1985 there were 340,000 black-owned businesses in the nation generating $12.4 billion in revenues.

It has taken much longer for blacks to gain access to management positions in the economy, but with the help of increased financial aid to colleges and universities and new affirmative action programs in the sixties, blacks have moved up the corporate ladder. According to the 1980 census, 217,000 blacks were employed as executives, managers, or administrators in the South. Still, upward mobility for many older blacks is constrained by lack of educational credentials. And, according to an official of the National Black MBA Association, "a retrenchment in corporate life of affirmative action activity" is causing many blacks of all ages to look again to entrepreneurship for economic power.

This paper was prepared with assistance from Ann Kimbrough, a free-lance journalist from Atlanta. Support was provided by the Southern Education Foundation, Atlanta, Georgia. Copies are available from SGPB for $2.00 each.

SOUTHERN GROWTH POLICIES BOARD
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The growth of minority business managers and owners is strongly related to the educational opportunities available to them. In order to be successful as an entrepreneur or business manager, an individual must have the relevant skills and knowledge, which generally are acquired in the region's colleges and universities. Although blacks and other minorities are a growing proportion of the South's population (blacks now comprise 18 percent of the region's population), their demographic gains have not been matched by increasing levels of educational attainment.

Black enrollments in graduate schools in the South declined more than 10 percent between 1976 and 1982, from 9.9 percent of the total graduate school population to 8.4 percent. In 1981, blacks received 11.1 percent of the Bachelor's degrees and 5.8 percent of the Master's degrees given for business and management in the southern states.

The College Board confirmed the downward trend in black college enrollments in their 1985 study, "Equality and Excellence: The Educational Status of Black Americans." It reported that since 1975, although the number of blacks completing high school has improved, college attendance and completion rates have declined. The report states that blacks are not only less likely to enter college, but are also more likely to drop out of the system than white students. For example, in 1972, blacks made up 10.5 percent of high school graduates. They went on to become 8.7 percent of college freshmen, but four years later only 6.5 percent of those receiving bachelor's degrees were black, and three years later, only 4 percent of all graduate and professional degrees went to blacks.

With less formal education, particularly from graduate business schools that prepare students for the "fast track," it is not surprising to find that blacks are less likely to be in leadership positions in business and industry. White males are about three times as likely as black males to be in a managerial position in the South (compared to twice as likely in the Northeast), and white females are twice as likely to be in managerial positions as black females (see Table 1). The disparities in opportunities for blacks and whites is even greater in the rural South.

Table 1

Percentages of the Work Force Employed in Executive, Administrative, and Managerial Occupations, by Region, Race, and Sex, 1981

	All South	Rural South	Northeast
White Males	13.4	9.1	14.2
Black Males	4.7	2.5	7.0
White Females	8.1	6.1	7.2
Black Females	4.0	2.1	5.0

Source: U.S. Census Bureau

Blacks also lag behind whites in their rate of participation in business ownership. Even though the number of black-owned firms did rise sharply in the early 1980s, according to a 1982 Minority Business Development Agency staff paper, there are approximately 63 businesses per 1000 non-minorities, compared to only 9 businesses per 1000 blacks. In 1980, 5.0 percent of whites were self-employed, compared to 1.8 percent of blacks. The number of black-owned firms increased by 47 percent between 1978 and 1983 -- almost three times the rate of increase of total new businesses during that period. Most southern states now have minority business development offices to spur the growth of minority firms. Some of the recent success, however, was due to the targeting of federal contracts to minority-owned firms, a policy which now is being less actively pursued. The percentage of federal contracts awarded to minority firms dropped from 3.4 percent of all contract money in 1981 to 3.1 percent of all funds in 1983.

Many of the new black-owned firms are concentrated in business services, personal services, and retail services. In terms of gross receipts, the largest sector was automotive dealerships and service stations, with $1.3 billion in revenues. Next were retail establishments, food stores, and eating and drinking places, with $1 billion, $0.9 billion, and $0.7 billion, respectively. As more and more highly educated black professionals leave business and industry to pursue entrepreneurial opportunities, however, there undoubtedly will be more skill-intensive black businesses, particularly in real estate, insurance, advertising, and finance.

Success as a business manager is related to the education acquired. Moreover, the inclination even to aspire to management or entrepreneurship is partly a function of the confidence that is developed within educational institutions. Therefore, better and more accessible business education for blacks is an essential part of economic growth. Given the gaps in education which still exist between blacks and whites, programs in business education aimed specifically at blacks still are needed. Model programs in the South which do so were not easily identified. Although many excellent traditional programs in the historically black colleges and programs in other public and private universities with black enrollments were found, few were particularly innovative in the ways they served minority students. (If readers know of outstanding programs, please contact the SGPB staff.)

This issue of Foresight describes four models for minority business education programs targeted to blacks which share a commitment to foster the entrepreneurial spirit and to develop business leadership skills. One program serves youth; one is highly selective, recruiting students and firms most likely to succeed; one works to promote black entrepreneurship and to improve black business leadership in the surrounding rural communities; and one is simply an excellent traditional MBA program at the nation's oldest predominantly black graduate school.

Model Programs

Athens, Georgia -- Starting Young

Few vocational programs outside of vocational agriculture -- the grandfather of vocational and entrpreneurial education programs -- emphasize business ownership at the secondary level. High school students may belong to Junior Achievement or learn business ownership tenets through distributive education classes, but entrepreneurship as a formal curriculum component is still rare at the secondary level. In Georgia, a special summer program for black youth has changed that.

The "Entrepreneurship and Black Youth Program" (EBYP) began six years ago through the University of Georgia Small Business Development Center, and expanded in 1985 to Georgia College and Kennesaw College. The program has two goals: to encourage black business ownership, and to increase black participation rates in post-secondary education, especially in business majors, by exposing secondary students to the business world while they are making decisions about their future education and career plans.

The content of the program is the same at each campus, but the Georgia College and Kennesaw College programs are day programs which last two weeks each summer, while the University of Georgia program is a four-day residential course. Approximately fifty junior and senior high school students from around the state are recommended to each campus by high school counselors and principals. The criteria for admission is the student's interest in business ownership; males and females are enrolled in equal proportions. The program is funded entirely by private sector sponsorship of individual students ($75 per student) and corporate donations ($300 minimum).

The curriculum includes business development, college placement, and assertiveness training; it also includes career orientation activities, a variety of planned recreational and cultural activities, and face-to-face conversations with entrepreneurial role models. Students are taught by university and college faculty, Small Business Development Center staff members, and successful black business professionals.

The program emphasizes a variety of business-related concepts, such as techniques for starting, managing, and marketing a firm. The primary instructional tool is a computer simulation game in which teams of students manage a mock firm; theory from the classroom is applied to the computer game activities. The probability of success for the "business" is each team's evaluation score. Students also take part in reviews and analyses of a variety of business cases.

The highlight of each program is the students' exposure to successful black role models. Throughout the day, business people come in to speak to the students on a variety of topics. This year, the students met Howard Spiller (president of Mid-City Atlanta Partnership Inc., which operates three Wendy's restaurants in Atlanta, each averaging $1.2 million annually); the 19-year-old owner of a diamond and gold importing company; Dr. David Swinton

(president of Home Computer Marketing Associates and a former director of the Minority and Social Policy Program at Clark College); and Representative William H. Gray (a four-term congressman from Pennsylvania).

In addition to simulation of real-life business opportunities for students, exposure to high quality cultural activities (imitating the executive life after 5 p.m.) are part of the program. This year, students at the University of Georgia took an evening off to enjoy a black theater production. The Atlanta-based production company is family-owned, and students were able to ask the performers about their stage experiences and the owners about the theater business.

To date, 346 students have completed the basic program. In recent years, some of them have returned a second year for more advanced training. Follow up shows that students find the business planning and assertiveness sessions and frequent contact with role models most helpful. The program seems to be meeting its goal of increasing black participation in post-secondary education very well. A June, 1985 survey of the 1981 program's graduates found that 73 percent have gone to college, well above the national average of 44 percent for 1981 black high school graduates. Of those, 26 percent are majoring in business. Three of the students from that class have already graduated from four year schools and are working in accounting, bank management, and radio/television station management.

As for the goal of encouraging black entrepreneurship, 58 percent of the 1981 graduates planned in the summer of 1985 to eventually own their own businesses, although less than one percent of the blacks in Georgia in 1980 (their role models prior to the EBYP) were entrepreneurs. The program's success has won it the Freedom Foundation Award for Excellence (1981) and the Southern Business Administration Awards, and it was written up in the June, 1985, issue of Black Entrepreneur.

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Tallahassee, Florida -- The Cream of the Crop

The requirements for successful business ownership go beyond personal abilities; there must be a supportive community of other businesses and a network of assistance for capital needs, procurement, contracting, technical assistance, and sales. In Florida, a university program seeks not only to assist black entrepreneurs, but also to develop that critical network and foster a national community of black business people, both corporate managers and entrepreneurs.

Two programs on the Florida Agricultural and Mechanical University (FAMU) campus are increasing the number of talented black business professionals. The first is academic -- a four-year undergraduate Bachelor of Science degree in Business Administration and an M.B.A. program designed to train managers for large national corporations. The second is the National Entrepreneurial Development Center, whose mission is to aid promising black businesses. Although the two serve different populations (the first is for students, the second for business people), both programs serve only those individuals or firms most likely to succeed.

In developing the program, FAMU administrators researched the market for their "product", business students, and found that although the technical aspects of business education were well-covered, the opportunity to internalize business attitudes was lacking. Thus, the academic program at FAMU operates as a business; indeed, the physical plant of the School of Business and Industry houses individual "businesses," rather than classrooms. The course work also reflects a commitment to training students comprehensively; assertiveness, team work, and business sophistication competencies overlay the standard degree curriculum. In fact, the students are so business-oriented that even their physical education electives -- squash, tennis, or golf -- are selected to reflect sports played by business executives.

A major part of the curriculum is the Forum Series, lectures by the most distinguished chief executive officers (CEOs) in the country. In a given week, the heads of firms such as Chase Manhattan Bank, Dun and Bradstreet, Rockwell International, Martin-Marietta, DuPont, Alcoa, and PepsiCo meet and speak with the students, 99 percent of whom are black, all of whom are academically gifted (part of the FAMU "business strategy" to assure a successful "product").

Off campus, students spend a year in three internships in three different firms around the country. According to the dean of the School of Business, this experience is widely regarded in the corporate world as the equivalent of two years of experience. Today, FAMU is considered one of the best business schools in the country; the blue chip list of business graduates bears this out, even though the school moved from departmental status to a full-fledged business program only in 1974. Students are routinely recruited by Fortune "500" corporations as well as the nation's top financial institutions; in some circles, an M.B.A. from FAMU is more respected than the same degree from older, more established schools.

Given FAMU's initiatives in the field of business education, the development there of the National Entrepreneurial Development Center was natural. Begun in 1983 with a $425,000 grant from the U.S. Department of Commerce's Minority Business Development Agency, the doors opened in February of 1984. It is the only center of its kind in the country that provides minority entrepreneurs with relevant executive training. What separates the FAMU Entrepreneurial Center from other entrepreneurial assistance programs is that it is selective about the firms being assisted. The Center seeks to nurture only those companies that are substantial and offer promise, rather than to rescue companies that are ailing.

Firms are invited or selected for Center assistance through a national roundtable of black members of the corporate community. Each firm must submit

to a certification process in order to work with the Center. While "successful" certification criteria vary among firms accepted for assistance by the FAMU Center, the general requirements are that the entrepreneur be technically competent and well-entrenched in business procedures, concepts, and systems. A variety of non-technical skills are also considered, including communications, interpersonal, and coping skills.

Once a firm is accepted, the process of technical assistance can take up to two years. At its conclusion, in addition to shoring up strengths and eliminating weaknesses, the Center puts firms in touch with a growing national network of successful black businesses and other contract and procurement opportunities. As this network develops, FAMU is creating a data bank with four elements: talented people, financial opportunities; business brokerage; and procurement, contracts, and marketing opportunities.

The long-range goal of both the academic programs and the Center at FAMU is to increase the talent pool of skilled and successful black business people. The natural result will be an increase in available capital resources and in technical expertise from which other blacks can benefit.

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Tuskegee, Alabama -- Local Help for Local People

Booker T. Washington's dream of blacks moving off the farm did not foresee black farm workers becoming black farm owners -- small business owners involved in export, computer-assisted management, technologically sophisticated practices, and complicated financial strategies. That is the world of the successful farmer today, and the nation's oldest black post-secondary institution is making the real dream possible for Alabama's black farmers.

Tuskegee University (formerly Tuskegee Institute) was begun to serve primarily the surrounding community, and it still does. Two separate contracts from the U.S. Department of Commerce (covering a 20-county area) and the Small Business Administration (covering a 9-county area), each matched by the University, provide economic development and technical assistance to black businesses as well as farmers in the southeastern part of the state.

Business assistance comes in a variety of forms at Tuskegee and is administered through several programs, including a Small Business Development Center, a Department of Energy program for mining and energy-related businesses, a human resource development program, and two programs for farmers -- one through the Cooperative Extension Program, and the other through a special Farmer's Home Administration (FmHA) grant.

These last two programs were begun at a time when the economic plight of the farmer had never been more dire. In 1959, there were 154,000 black-owned

farms in the South with sales of $2500 or more; in 1978, there were only 14,000. Since black-owned farms are generally smaller than white-owned farms, they are less able to improve economies of scale and use production-increasing technologies. Through the Cooperative extension program, area farmers are encouraged to realize certain economies of scale. First, they are surveyed for their products and interest in selling in a centralized Farmer's Market. Once interested farmers are identified, the program locates a suitable site and does all the site preparation, from working with zoning laws to building sheds to getting water to the site. Although such markets are not new, the organization and technical assistance to create them is new for Tuskegee and for the area's farmers.

The FmHA program assists farmers who have fallen behind in repaying their loans to the government. These farmers are recommended to the program by the government in an effort to save their operations. The first step in the program is to teach farmers how to keep records of their operations; this process shows up any areas for streamlining and economizing. Then, money-saving production techniques are demonstrated at a model farm near the campus.

In addition, help with accounting and computer software and hardware is available from the faculty at the School of Business. They also train county agents to help small farmers learn about computers. Computer knowledge is becoming increasingly important in Alabama as the state steadily moves into the high technology arena. Both programs are assisted by the expertise of several other departments. For example, the Veterinary School may provide special help to a dairy farmer.

While the Tuskegee business education program emphasizes outreach to the community, small business management courses are taught on campus each semester. However, attempts to develop the entrepreneurial spirit on campus beyond farming opportunities have fallen short, even though local successful small business owners are regular instructors in the school's academic program. Program administrators attribute the lack of interest to a dearth of capital and a perceived absence of opportunity in the surrounding community.

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Atlanta, Georgia -- Traditional Excellence

Occasionally, model programs in a given area of human resource development are not remarkable because they are unique, but because they do the ordinary things in exemplary ways. In the case of Atlanta University AU), that excellence is demonstrated in a traditional Master of Business Administration program.

The oldest graduate institution serving a predominately black student body (founded in 1865), Atlanta University is the graduate business school of Atlanta University Center (AUC). Like well-known Ivy League graduate business schools, AU concentrates on the basic tenets of business administration (accounting, information systems, finance, marketing, and management), recommends a summer internship between the first and second academic years, and assists graduates in the recruiting and placement process.

To encourage academic excellence in its students, AU requires that a grade point average of 3.5 to 4.0 be maintained by those receiving financial aid from the institution. Acceptance into AU is hardly automatic; of 340 applications for the class of 1985, only 188 applicants were selected, and 109 enrolled. Interestingly, 70 percent of these were women. Sixty percent had majored in business as undergraduates, and 64 percent had gone to historically black undergraduate colleges or universities. To encourage more engineering undergraduates to pursue MBA degrees (only 2 percent of the 1985 class had majored in engineering), AU offers a special financial assistance program, the Minority Engineering in Management Fellowship, to applicants with engineering degrees.

One of the best measures of a graduate business school's performance is how it is perceived by the business community, or, how actively graduates are recruited. A profile of the class of 1985 shows that 82 percent of the 101 degree recipients actively seeking employment had found jobs by July, 1985. Some 150 companies (23 were new recruiters on the AU campus) hired the 72 students in aerospace, automotive, and other transportation industries (21 percent); high technology and electronics (21 percent); commercial banking (17 percent); and consumer goods (16 percent).

Twenty two percent of the positions were in industrial marketing, 21 percent in corporate finance/planning; 17 percent in productions/operations; and 16 percent in commercial lending. The majority of the students -- 57 percent -- found work in the southeast. Seventeen percent of the graduates took jobs in mideastern states, 16 percent went to states in the Great Lakes area, and seven percent went to work outside of the United States. Their average starting salary was $31,974 per year.

The AU program ultimately seeks to increase the number and quality of black business leaders in the country. They are doing so by steadily and steadfastly turning out business administration graduates who simply excel in the basics.

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* AUC is a consortium of independent institutions located in metropolitan Atlanta. The other consortium members are the graduate School of Arts and Sciences; the professional schools of Business Administration, Library and Information Studies, Education, and Social Work; a graduate center for religion and theology; and four undergraduate liberal arts colleges -- Spelman (for women), Morehouse (for men), and Morris Brown and Clark (both coeducational).

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Conclusions

Education and training, and the credentials that are associated with them, are crucial to the expansion of black capitalism and to more opportunities in corporate management. Few blacks have been enrolled in the top MBA programs in the region and blacks have less money available for new business ventures. Therefore, special efforts are needed to attract blacks to programs that provide the skills and offer opportunities for strong credentials and to help find the capital and assistance needed for new business ventures.

One source of help for budding black entrepreneurs is a national consortium of black business educators, known best by its acronym "IABBE," the International Association Black Business Educators. Begun with 28 schools in 1976, today it is comprised of department chairs, division directors, and business deans from 51 historically black colleges and universities. IABBE's mission is to enrich the small business and entrepreneurial programs at black schools, an effort that has been increasingly supported by the federal government. The consortium has begun entrepreneurial training courses, obtained computers for its member schools, and is currently planning to enhance the existing programs which promote minority entrepreneurship on the campuses of the 51 schools, located primarily in the Deep South, and in Ohio, Oklahoma, and Maryland.

Among its stated purposes, IABBE is dedicated to:
- study, analyze, evaluate and propose minority business programs to assure the stream of talent necessary for long-run business advancement;
- improve the intellectual climate of minority business programs;
- promote inter- and intra-institution cooperation and coalition;
- identify, investigate, and evaluate business opportunities; and
- generally enhance the role of minorities in the business world.

Financial assistance for education to increase levels of attainment among minorities is another important part of any comprehensive policy. Historically black universities, which still play a major role in the education of blacks in the South, are receiving a smaller share of the Title III (Higher Education Act) funds than they did in the past. At the same time, enrollments in predominantly white graduate schools of business are low - and decreasing. In 1985, the Fuqua School of Business at Duke University in Durham, NC is 5.6 percent black; the MBA program at the University of North Carolina at Chapel Hill is only 2.9 percent black. The prospect of further

reductions in student assistance will impede the educational progress of blacks, too. With federal financial support for targeted educational assistance programs diminishing, states will take on more responsibility for maintaining equal education and economic opportunities among races.

Resources

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